

Remarks to the Transportation Oversight Committee

The Highway 17 Association is here today to respectfully ask this committee to retain the current Equity Formula for distributing transportation funds among the seven Highway Regions and the 14 Highway Divisions that they encompass. I intend to share some facts and figures with you that I hope will make our case, but before I do that I'd like to tell you a little bit about Highway 17 and our Association.

Highway 17 in North Carolina is a US Highway that serves as the only north-south corridor east of Interstate 95. It travels some 300 miles through 13 counties along the coast from Camden County along the Virginia border to Brunswick County at the South Carolina line. Some 700,000 people live in the Highway 17 corridor counties, many in almost entirely rural places like Perquimans and Jones Counties, but some in more metropolitan cities like Wilmington and Jacksonville. Adding the counties contiguous to the corridor into account, the population affected by Highway 17 exceeds one million North Carolinians.

Construction of Highway 17 began in the 1920s. Some of the Highway has been greatly improved but approximately 50 miles still remains in dangerous, inadequate two-lane condition much as it was decades ago. In financial terms, Highway 17 is a \$2.5 Billion project. North Carolina has already invested \$1 Billion. Of the remaining \$1.5 Billion, half is allocated in the existing 2009 – 2015 State Transportation Improvement Program (STIP). The remaining \$750 Million is considered "unfunded."

That's why our Highway 17 Association has such a tall task. It is our goal to ultimately make Highway 17 in North Carolina a fully controlled access expressway from border to border. At the very least we have to four-lane the two-lane sections and remove bottlenecks along existing four-lane sections in places like Wilmington and Hampstead.

Our Association began officially in 1975 but was reorganized and formalized in 2006. We work closely

with the General Assembly to seek sustainable funding options for NCDOT that will support all transportation systems and projects throughout North Carolina, but especially for the remaining unfunded Highway 17 projects. Once a Highway 17 project is funded, we work with NCDOT and stakeholders in the corridor to facilitate the planning, design, permitting, right-of-way acquisition and construction that will complete the project in a timely and cost-effective manner.

It is vitally important that we retain the current Equity Formula funding. We are not here to suggest to this panel that Highway 17 or Highway Divisions 1, 2 and 3 through which it passes should receive more funding, or put any other divisions at a financial disadvantage. We are here to preserve the funding we now receive, which even still is inadequate to meet our needs and significantly less than the more metropolitan highway divisions receive.

Since the Highway Trust Fund was enacted by the General Assembly in 1989, NCDOT has tracked expenditures by county and by highway division. Over that time Division 1 has received \$2.7 Billion in funding from NCDOT for all purposes including those funded through Equity; Division 2 has received \$3 Billion; and Division 3 has received \$3.5 Billion. Over the same period, Division 9 (Winston-Salem) has received \$3.9 Billion; Division 7 (Greensboro) \$5.3 Billion; Division 10 (Charlotte) \$6.4 Billion; and Division 5 (Raleigh) \$6.6 Billion. So in real dollars, the more metropolitan highway divisions have received more funding than the rural eastern highway divisions by multiple billions of dollars.

Incidentally, the Equity Formula applies to state and federal funds used on intrastate projects in the STIP. Half of the formula's allocation is based strictly on population, which benefits the metro areas. 25% of the formula is based on the number of intrastate miles within a highway region that still need improvement. The remaining 25% is shared equally among the

seven highway regions. Funds allocated through the Equity Formula only amount to about 30% of what NCDOT distributes each year but are much more important to the more rural highway regions and divisions.

That is because there are other funding sources that accrue almost entirely to the benefit of the metro areas. State loop funds are distributed outside of the Equity Formula in the amount of approximately \$130 Million per year and go entirely to the larger cities. CMAQ Funds designated for air quality compliance – to reduce traffic congestion – amount to another \$40 Million per year and also go to larger cities.

In conclusion let me offer a couple of observations. First, from the point of view of Highway 17, we desperately need funding to complete this highway to the highest possible order – and soon.

We are identified as a Strategic Highway Corridor by NCDOT. We serve the State Port of Wilmington directly and the Port of Morehead City as a north-south connector to US 70. Highway 17 improvements through Jones County have been identified as the number one transportation priority of the Military Growth Task Force, needed to accommodate force growth at Camp Lejeune and Air Stations New River and Cherry Point.

A fully improved north-south corridor is vitally important to growing the tourism industry in coastal North Carolina and we are working with tourism professionals and the NC Department of Commerce to pursue Federal Heritage Designation for the corridor. And a fully improved north-south Highway 17 is absolutely crucial to our region's ability to attract and retain industry. Many of our corridor counties are Tier 1, low-wealth counties with very little prospect for growth and success unless we can provide them transportation infrastructure for industry.

If we do not make these investments in our more rural places they will continue to wither and die and the cities will continue to be more and more overcrowded and their infrastructure overburdened. We can't spend our way out of overcrowding, but we can make sound, tactical investments all across North Carolina to disperse opportunity and prosperity and to knit our transportation system together in a safe and strategic way.

Finally, that brings me to my larger point. North Carolina loses if we make this a competition for limited resources between urban and rural interests. Both urban and rural places have legitimate, compelling

transportation needs. Changing the Equity Formula to give the larger cities more revenue will not ultimately solve their transportation problems and would absolutely cripple the rural places in the process. What we all need is for North Carolina's leaders – starting with the men and women in this room – to devise long-term, sustainable funding options that will be adequate to our transportation needs across North Carolina. All regions need to prosper and not at the expense of one another. Thank you very much for your time and attention.

Respectfully,

Marc Finlayson
Executive Director